QUESTION PRESENTED

This is a copyright infringement action in which trial on the merits has yet to take place. Petitioners stipulated both the validity of respondents' copyright and their own access to the protected work. The Seventh Circuit ordered a preliminary injunction.

The only question presented is whether the Seventh Circuit erred in finding that, at a later trial on the merits, respondents are likely to succeed in showing that petitioners' "K.C. Munchkin" video game is "substantially similar" to the copyrighted PAC-MAN video game.

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No. 81-2237

In the

Supreme Court of the United States

OCTOBER TERM, 1981

NORTH AMERICAN PHILLIPS CONSUMER ELECTRONICS CORP., a Tennessee corporation, and PARK TELEVISION d/b/a PARK MAGNAVOX HOME ENTERTAINMENT CENTER, an Illinois partnership,

Petitioners,

vs.

ATARI, INC., a Delaware corporation, and MIDWAY MFG. CO., an Illinois corporation,

Respondents.

On Petition for a Writ of Certiorari
To The United States Court of Appeals
for the Seventh Circuit

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

INTRODUCTION

Petitioners ask this Court to review the unanimous judgment of the Court of Appeals ordering a preliminary injunction against infringement of respondents' copyright in the PAC-MAN video game. As petitioners point out, this is the first Court of Appeals decision involving the scope of a video game copyright. (Petition for Certiorari ("Pet.") 24-25). However, rather than supporting issuance of the writ, this fact merely underscores how premature it would be for this Court to grant review.

In the lower courts, petitioners stipulated the validity of the PAC-MAN copyright. (Appendix to Petition for Certiorari ("Pet. App.") D2). They also have acknowledged that infringement may be proved by demonstrating: (1) the infringer's access to the copyrighted work; and (2) "substantial similarity" of the accused work, K.C. Munchkin, to the protected PAC-MAN work. (Pet. 8-9). Petitioners further stipulated their access to the PAC-MAN work. (Pet. App. D2).

Thus, the sole question remaining before the Court of Appeals, and the question petitioners would have this Court address, is the factual issue of whether K.C. Munchkin is "substantially similar" to the PAC-MAN work. Indeed, because of the preliminary stage of these proceedings, the question is narrower still: whether respondents are likely to succeed at a later trial in proving substantial similarity. This issue poses no question of national importance.

The petition thus presents no special or important reason for granting the writ. This case involves no conflict with any decision of this Court. There is no conflict between the decisions of any Courts of Appeals, nor has there been any departure from the accepted and usual course of judicial proceedings. In short, there is no sound reason that the writ should be granted.

COUNTERSTATEMENT OF THE CASE

The petition asks this Court to re-examine the specific facts of a copyright infringement case and to resolve them differently than did the unanimous Court of Appeals.

Respondents, Atari, Inc. and Midway Mfg. Co.,[1] are, respectively, exclusive licensee and owner of the copyright in

[1] Atari, Inc. is a wholly owned subsidiary of Warner Communications, Inc., and Midway Mfg. Co. is a wholly owned subsidiary

the PAC-MAN video game. Petitioners are the manufacturer and a retailer of a video game known as K.C. Munchkin. Shortly after K.C. Munchkin first appeared on the market, respondents brought suit for infringement of their PAC-MAN copyright. Respondents simultaneously moved for a preliminary injunction.

At the hearing on the motion, the evidence revealed:

- that the popularity of the PAC-MAN video game inspired the development of K.C. Munchkin (Pet. App. D3, D7);
- that petitioners unsuccessfully sought a license under the PAC-MAN copyright and trademark while developing K.C. Munchkin (Pet. App. D7);
- that petitioners' dealers recognized K.C. Munchkin as a home version of PAC-MAN and promoted it as "just like PAC-MAN" and "Odyssey's PAC-M.^.N." (Pet. App. D9-D11).

The District Court noted that the validity of respondents' copyright was admitted (Pet. App. D2),[2] that petitioners' access to the PAC-MAN work was conceded (Pet. App. D2), and that irreparable injury to repondents was presumed (Pet. App. D12). The District Court nevertheless denied respondents' motion for a preliminary injunction solely because it concluded that K.C. Munchkin was not "substantially similar" to the PAC-MAN work.

The Court of Appeals unanimously reversed. It held that, in deciding the substantial similarity issue, the District

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of Bally Manufacturing Corporation. (*See* Supreme Court Rule 28.1.)

[2] Although copyright validity was unchallenged here, courts have without exception held audiovisual works of video games to be copyrightable subject matter. *E.g.*, Stern Electronics, Inc. v. Kaufman, 669 F.2d 852 (2d Cir. 1982).

Court failed properly to apply the well-established "ordinary observer" test. Instead, the District Court conducted a detailed dissection of the minute differences between the two works and ignored their overall similarities.

The Seventh Circuit carefully set out the appropriate test for copyright infringement: whether, in the eyes of the ordinary lay observer, the two works appear substantially similar. The Court of Appeals recognized that, in applying the "ordinary observer" test, courts "must take into account that the copyright laws preclude appropriation of only those elements of the work that are protected by the copyright" because copyright protection extends "only to the particular expression of an idea and never to the idea itself." (Pet. App. A10-11) (citations omitted).

The Seventh Circuit noted that the *idea* embodied in both works is the same—a maze chase game employing a player-controlled central character, pursuit characters, dots and power capsules.[3] The Court further found, through its own "ocular comparison," that the expressions of the idea in the two works are substantially similar. Consequently, it held that respondents are likely to prevail on their contention that petitioners infringed their copyright.[4] (Pet. App. A2, A4, A15-20).

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[3] This articulation of the idea embodied in the works was suggested by petitioners and adopted by the District Court. (Pet. App. D8).

[4] Because the two works were before it and because there were no material credibility issues (Pet. App. A9), it was appropriate for the Seventh Circuit to engage in a de novo review of the two works. Novelty Textile Mills v. Joan Fabrics Corp., 558 F.2d 1090, 1093 (2d Cir. 1977); Universal Athletic Sales Co. v. Salkeld, 511 F.2d 904, 906 (3d Cir.), *cert. denied*, 423 U.S. 863 (1975). Based on its own review of the two works, the Seventh Circuit concluded that K.C. Munchkin is substantially similar to PAC-MAN, and expressly held that the District Court's contrary finding was clearly erroneous. (Pet. App. A22) Thus, the Seventh Circuit correctly

The Court of Appeals directed the District Court to enter a preliminary injunction. Petitioners did not move for a rehearing or a rehearing *en banc*.

ARGUMENT

I. The Court Below Applied the Settled Test for Copyright Infringement.

Petitioners simply disagree with the application of the established test for copyright infringement to the facts of this case. There is no conflict between the test articulated by the Seventh Circuit and any decision by this Court or any decision by a Court of Appeals. The Seventh Circuit properly applied the established tests and found that K.C. Munchkin is substantially similar to PAC-MAN. Accordingly, there is no basis for granting the writ.

Petitioners struggle to construct a conflict between the decision below and this Court's decisions in *Mazer* v. *Stein*, 347 U.S. 201 (1954), and *Baker* v. *Selden*, 101 U.S. 99 (1880). They misconstrue the Seventh Circuit's holding by claiming that it found infringement "because in both games the characters gobble dots." (Pet. 8). *Mazer* and *Baker* both stand for the proposition that a copyright owner does not obtain any protection for an idea. The Court of Appeals expressly recognized this principle. (Pet. App. A11-A12). Indeed, in finding infringement the Court focused on the substantial similarity of protectible expression of the two works:

> [I]t is the substantial appropriation of the PAC-MAN characters that requires reversal of the district court. The *expression* of the central figure as a "gobbler" and the pursuit figures as "ghost monsters" distinguishes PAC-MAN from conceptionally similar video games

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applied the clearly erroneous standard of review of Rule 52(a), Fed. R. Civ. P. *See* Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 50 U.S.L.W. 4592 (June 1, 1982).

(Pet. App. A16) (emphasis supplied). Thus, there is no conflict with this Court's decisions in *Maser* or *Baker*.

Petitioners would also use the idea/expression dichotomy to fabricate a conflict between the Seventh Circuit's ruling and the decisions of the Second Circuit in *Arnstein* v. *Porter*, 154 F.2d 464 (2d Cir. 1946), the Third Circuit in *Franklin Mint Corp.* v. *National Wildlife Art Exchange*, 575 F.2d 62 (3d Cir.), *cert. denied*, 439 U.S. 880 (1978) (following *Arnstein*), and the Ninth Circuit in *Sid & Marty Krofft Television Productions, Inc.* v. *McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977). (Pet. 8-9). Again, there is no conflict.

The Seventh Circuit expressly recognized the standards articulated in *Arnstein* and *Krofft* in determining substantial similarity:

> Some courts have expressed the test of substantial similarity in two parts: (1) whether the defendant copied from the plaintiff's work and (2) whether the copying, if proven, went so far as to constitute an improper appropriation. *See Scott* v. *WKJG, Inc.*, 376 F.2d 467, 469 (7th Cir.), *cert. denied*, 389 U.S. 832 (1967); *Arnstein* v. *Porter*, 154 F.2d 464 468 (2d Cir. 1946); *cf. Sid & Marty Krofft Television Productions, Inc.* v. *McDonald's Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977) (extrinsic-intrinsic test).

(Pet. App. A10). The Seventh Circuit went on to say "[o]ur analysis focuses on the second part of that test and the response of the 'ordinary observer.' " (Pet. App. A10).

Petitioners quarrel with the Court of Appeals because it focused on the second part of the test. They argue: "The Court of Appeals, in short, proceeded to decide the case without applying either the *Arnstein* or *Krofft* initial analyses." (Pet. 10). This "omission," they argue, creates a conflict among the circuits.

Petitioners, however, overlook an important principle stated in both *Arnstein* and *Krofft*. As Judge Frank wrote in *Arnstein*:

> In some cases, the similarities between the plaintiff's and defendant's work are so extensive and striking as, without more, *both to justify an inference of copying and to prove improper appropriation.*

154 F.2d at 468-69 (emphasis added).[5]

The Seventh Circuit applied this principle in finding infringement in this case:

> North American not only adopted the same basic characters but also portrayed them in a manner which made K.C. Munchkin appear substantially similar to PAC-MAN. The K.C. Munchkin gobbler has *several blatantly similar features*, including the relative size and shape of the "body," the V-shaped "mouth," its distinctive gobbling action (with appropriate sounds), and especially the way in which it disappears upon being captured. An examination of the K.C. Munchkin ghost monsters reveals *even more significant visual similarities.* In size, shape, and manner of movement, they are *virtually identical* to their PAC-MAN counterparts. K.C. Munchkin's monsters, for example, exhibit the same peculiar "eye" and "leg" movement. Both games, moreover, express the role reversal and "regeneration" process with *such great similarity that an ordinary observer could conclude only that North American copied plaintiffs' PAC-MAN.*

(Pet. App. A17) (emphasis supplied). Thus, not only did the Seventh Circuit find the works to be substantially similar, it found that the similarities justified an inference of copying as well. The Seventh Circuit's decision hardly conflicts with

[5] As noted in *Krofft*, the initial step of the substantial similarity test "may often be decided as a matter of law." 562 F.2d at 1164.

Arnstein and *Kraft*. Rather, it followed and applied those decisions.

Petitioners also contend that the Seventh Circuit created a new, "total concept and feel" criterion for infringement. (Pet. 11). This contention is erroneous and provides no basis for granting the writ.

Review of the Seventh Circuit's opinion (Pet. App. A10) shows that it took the "total concept and feel" language from the Ninth Circuit's opinion in *Roth Greeting Cards* v. *United Card Co.*, 429 F.2d 1106, 1110 (9th Cir. 1970). The very same "total concept and feel" standard is also applied by the Second Circuit as recently reaffirmed in *Eden Toys, Inc.* v. *Marshall Field & Co.*, 1982 Copyright Law Decisions ¶ 25,383 (2d Cir. March 31, 1982). Thus, the standards applied by the Seventh Circuit represent nothing new. Rather they are in accord with established copyright principles applied by both the Second and Ninth Circuits.

Petitioners' real dispute with the Seventh Circuit lies not in a difference over principles of law but of issues of fact. In short, petitioners want this Court to review all the evidence and re-evaluate the specific facts of this case. This Court has stated that certiorari should not be granted for such purposes. *See United States* v. *Johnston*, 268 U.S. 220, 227 (1925). *Accord Southern Power Company* v. *North Carolina Public Service Company*, 263 U.S. 508, 509 (1924).[6]

[6]Indeed, this Court has denied certiorari in several other cases involving simply the application of well-established copyright principles. *See* Reyher v. Children's Television Workshop, 533 F.2d 87 (2d Cir.), *cert. denied*, 429 U.S. 980 (1976); Franklin Mint Corp. v. Nat. Wildlife Art Exchange, 575 F.2d 62 (3d Cir.), *cert. denied*, 439 U.S. 880 (1978); Tennessee Fabricating Co. v. Moultrie Mfg. Co., 421 F.2d 279 (5th Cir.), *cert. denied*, 398 U.S. 928 (1970).

II. This Case Exhibits None of the Special and Important Reasons for Granting Certiorari.

Petitioners contend that the economic magnitude of the video game industry, judicial economy, and the fact that this case is the first appellate case involving the scope of copyright protection for video games render this case appropriate for this Court's review. None of these reasons, alone or together, provides this Court with a sound basis for granting the writ. *See* Supreme Court Rule 17.1.

While the economic significance of video games cannot be doubted, this does not provide a reason for granting the writ in this preliminary injunction case. Economic impact does not warrant certiorari absent a conflict among the circuits. Issuance of the writ here would mark a departure from this Court's established practice.

Petitioners' judicial economy argument fails for two reasons. First, contrary to petitioners' position, this Court would be unable to render a final disposition in this case. Thus, review by this Court of a preliminary injunction would neither avoid piecemeal appeals nor expedite final determination of the issues. In fact, reversal of the Seventh Circuit decision would do no more than send the case back to the lower courts for fuller examination of the issues, with appeals available from any decision rendered by those courts.

Second, no judicial economy results from enunciating a rule of specific factual application. Such a ruling could not dispose of other pending cases since those cases would still require full factual determinations. Judicial economy would best be served by denying the writ, at least until there has been a trial on the merits. If necessary, this Court could then review the legal principles applied.

Finally, the fact that other video game copyright cases are pending and that this case marks the first time that the scope of copyright protection for video games has been examined

by a Court of Appeals, if anything, makes review by this Court premature. Prudence dictates that this Court allow for the further development and refinement of the application of copyright principles to video games before reviewing any of these cases.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari to review the decision of the Court of Appeals for the Seventh Circuit should be denied.

Respectfully Submitted,

DANIEL W. VITTUM, JR.
(Counsel of record)
ROBERT G. KRUPKA
DAVID E. SPRINGER
MARTIN L. LAGOD
KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000
Attorneys for Respondent Atari, Inc.

DONALD L. WELSH
A. SIDNEY KATZ
ERIC C. COHEN
FITCH, EVEN, TABIN, FLANNERY & WELSH
135 South LaSalle
Chicago, Illinois 60604
(312) 372-7842
Attorneys for Respondent Midway Mfg. Co.